

09/235,120

**REMARKS**

The present amendment is responsive to the Office Action dated April 24, 2002, the deadline to which has been extended by one (1) month to August 24, 2002, by petition and payment of fee submitted herewith.

At the outset, the applicants' representative wishes to thank Examiner Bashore for his courtesy and helpfulness during the recent telephone interview in this case. As agreed during the interview, the applicant may reinstate the previous phrase "business activity" in the claims and present arguments to the effect that the phrase is not, in fact indefinite.

Accordingly, the phrase "business activity" has been re-introduced into the pending claims, thereby overcoming the 112(1) rejection of the word "activity" in the claims.

It is respectfully submitted that the claims must be read in light of the specification, which, in turn, is drafted to those of ordinary skill in the art.

The specification plainly discloses that

"According to the present invention, a business activity may be most any undertaking that somehow affects the cost of the products manufactured and/or the services rendered." Page 8, lines 5-7.

Moreover, beginning at line 9 of page 5, the specification further discloses examples of such business activities, such as manufacturing, purchasing or performing a job:

Indeed, the actual purchasing costs of items in inventory, the actual item manufacturing costs, the actual job costs or the actual costs of performing the business activity are preferably collected during or substantially immediately after the purchase of the item, the manufacture of the item, the performance of the job or the performance of the activity. The actual costs of manufacturing an item or performing a business activity may be collected at or near the location where the item is manufactured or the service performed. Alternatively, the actual costs of manufacturing an item or performing a business activity may be collected remotely.

The specification also tells the person of ordinary skill that the present invention may be applied to achieve whatever degree of granularity is desired - depending which business activities are selected for which costs are collected, as noted beginning at page 10, line 1:

09/235,120

By identifying and collecting the actual cost of manufacturing an item or items and the actual cost of performing a business activity or activities when and where they are manufactured or performed, actual costs may be tracked at whatever level of granularity is necessary or desired. Indeed, according to the present invention, costs may be identified and collected at any level, from the cost of manufacturing a single sub-assembly of a larger device or performing a single operation within a larger job, to the cost of completing the manufacture of a large and complex machine or performing a large service contract. Toward the higher end of the granularity spectrum, the present invention allows, for example, to identify the cost per item manufactured or the cost of each operation within a larger job. For example, the cost of purchasing individual items may be separately identified and collected, as the cost of the same part or item may change with each purchase. For that reason, the individual cost of each item may be tracked and maintained individually. Toward the lower end of the granularity spectrum, the present invention allows the identification and collection of actual costs for entire projects or product lines, companies, across contracts or across any other grouping, organization or physical or legal entity. The degree of granularity, according to the present invention, is freely selectable depending upon the specific industry to which the present invention is applied, as well as the desired level of actual cost detail. For example, a manufacturer of small, individually inexpensive fungible items may not need to identify or collect information on the actual costs of manufacturing a single item, but may prefer to identify and collect the actual costs associated with manufacturing a set number of such items, such as a lot of homogeneous items. Indeed, in such a case, the reporting costs may be too high to justify the identification and collection of actual costs for each individual item, and the identification and collection of actual costs for a set number of such items may be entirely sufficient. On the other hand, for costly and unique undertakings, such as, for example, building automobiles or drilling oil wells, the identification and collection of real time or near real time actual costing data for individual items or undertakings may be paramount. The actual costs, according to the present invention, may be collected in any manner. For example, the actual costs may be contemporaneously and manually entered at the job site or may be collected by some automated actual cost collection process.

All of the underlined phrases are examples of "business activities". Therefore, it is respectfully submitted that one of ordinary skill in the art would know to choose which "business activities" he or she wishes to collect costs on, to achieve the desired degree of precision (or granularity in the parlance of the present application) in the ultimately implemented cost presentation and cost collection accounting costing methods. The specification gives specific examples of such "business activities"; namely fungible items, drilling oil wells, manufacturing cars, manufacturing a single sub-assembly, performing a single operation within a larger job,

09/235,120

completing the manufacture of a large and complex machine or performing a large service contract. It is black letter law that an applicant may be his or her own lexicographer (citations omitted). The present invention should not be penalized for having broad applicability, as the terms used in the specification are well defined in the specification and supported by numerous examples. It is submitted that the specification clearly defines the meaning of the phrase "business activity", and gives guidance and examples to those of ordinary skill on how to interpret the phrase. Moreover, the specification, in the passage reproduced above, specifically tells those of ordinary skill that "the actual cost of performing a business activity or activities when and where they are manufactured or performed, actual costs may be tracked at whatever level of granularity is necessary or desired." Those of ordinary skill in this art would know to select those business activities for which they want to track actual costs and not to select those business activities for which they have no desire to track actual costs. The recitations of "business activities", therefore, is not believed to be indefinite, when such recitations is read in light of the specification - as they must. Reconsideration and withdrawal of the outstanding indefiniteness rejection of the claims are, therefore, respectfully requested.

#### ART REJECTIONS

Claims 1-27 were rejected as being unpatentable over Conway in view of both Bone et al. and Fahey. Reconsideration and withdrawal of these rejections are respectfully requested.

Claim 1 recites:

1. (Amended) A computer implemented actual costing method for collecting and presenting an actual cost of performing an activity, comprising the steps of:
  - collecting actual costs of performing a job, manufacturing an item and/or purchasing an item in carrying out the activity,
  - creating a unique cost source identifier for each collected actual cost and storing the collected actual cost therein;

09/235,120

associating each unique cost source identifier to the activity; and implementing a selected accounting costing method for actual cost collection and a selected accounting costing method for actual cost presentation based upon the stored cost source identifiers, the selected accounting costing method for actual cost collection being independent of the selected accounting costing method for cost presentation.

Claim 1 requires that a unique cost source identifier be created for each collected actual costs and that the created unique cost source identifier be associated to the activity that gave rise to the cost. The claim further requires that a selected accounting costing method for actual cost collection and a selected accounting costing method for actual cost presentation based upon the stored cost source identifier be implemented. Claim 1 further requires that the selected accounting costing method for actual cost collection be independent of the selected accounting costing method for actual cost presentation. The cited combination of references does not teach or suggest these steps or the invention as a whole.

Relative to the primary reference, the Examiner recognizes on page 4 that Conway does not disclose that a new unique cost source identifier is created and stored upon each occurrence of an activity that affects the actual costs of carrying out the activity. The Office, however, asserts that Conway teaches the claimed implementing step. Indeed, the Office cites Col 2, lines 33-45 as allegedly teaching an implementation of independent accounting costing methods for cost collection and cost presentation. The cited passage, it is respectfully submitted, does not teach or suggest such methods for cost collection or cost presentation.

Column 2, lines 33-45 are reproduced here for the Examiner's convenience:

“Specifically, in one aspect, an activity-based cost tracking system in accordance with principles of the present invention tracks the costs of activities of persons and objects in a defined space such as a room. A transponder is attached to each person and object, and the transponders transmit an identifying code. A transponder reader located in the defined space reads the code from each of the transponders. A database associates these codes with the objects or persons to which the transponders are attached. A cost computer then uses the times of entry and exit of objects or persons, and/or other information, to compute the costs of the activities of the persons and objects.”

09/235,120

Even a cursory examination of this paragraph reveals that it simply does not teach implementing any accounting costing method for actual cost collection or any accounting costing method for cost presentation, and much less accounting costing methods that are independent of one another. Instead, Bone teaches an ABC system wherein transponders are attached to persons, equipment and supplies. A database identifies the signals emitted from each transponder and uses the times of entry and exits of the signals into and out of a room to compute the costs of the activities within the room. No accounting methods for cost collection or presentation are taught in this reference at all. The remainder of the Bone reference does not teach or suggest such implementing step. Indeed, there are only three mentions of "accounting" in Conway: one in the abstract: "...to produce detailed and accurate cost accounting records", another in the background of the invention section: "...so that this time may be entered into an accounting system and used for billing clients" and lastly, in the summary section: "...to produce detailed and accurate cost accounting records".

The primary reference, therefore, does not teach or suggest any of the steps of collecting actual costs, creating a unique cost source identifier for each collected costs, the associating step or the independent cost collection and presentation accounting costing methods implementing step recited in independent claim 1.

The outstanding rejection relies upon Bone et al. for a teaching of accounting costing methods for cost collection and presentation that are independent of each other, and cites Col. 1, lines 10-60 and Col. 2, lines 30-55 as teaching such features.

However, Col. 1, lines 10-60 teach nothing of the sort. Instead, the cited passage introduces integrated data management systems (IDMS), relational operators useful in extracting information from tables, and relates such IDSM systems to the banking industry and different software

09/235,120

packages. Moreover, the sole mention of the term "accounting" in the patent is in describing US patent 4,346,442. Col. 2, lines 30-55 does not teach or describe implementing any accounting costing methods for cost collection or presentation either. Instead, the cited passage describes the function of the disclosed system's CPU, the planner interactive means and how the planner interactive means and the CPU cooperate to display processes and the described "log points." Absolutely no mention of any cost accounting methods, for either cost collection or cost presentation, are disclosed or even hinted at in the passage pointed to in the outstanding Office Action as teaching such costing methods.

Combining the Conway and Bone et al. reference, therefore, does not yield any teaching or suggestion of independent costing methods for cost presentation or collection, any teaching or suggestion of creating a unique cost identifier upon the occurrence of an event that affects the actual cost of carrying out the activity, and does not teach or suggest any costing methods based upon such unique collected and stored cost source identifiers.

For a teaching of creating and storing new and unique cost source identifiers, the Office relies upon Fahey. However, Fahey simply does not teach or suggest such cost source identifiers, or any construct that serves a like purpose. The Examiner points to Col. 6, lines 53-67 and Col. 7 lines 1-50 as being relevant to the claimed invention. However, the discussion in Fahey from Col. 6, line 53 to Col. 7, line 50 describes activity codes 88 and activity categories 90 that facilitate identification of related groupings of activities performed within a business function. Activity codes are not cost source identifiers and do not serve the same purpose. The list in column 7 is a list of activity centers. It is respectfully submitted that not a single identifier related to a cost is shown or described from Col. 6, line 54 to Col. 7, line 50.

Fundamentally, however, the Fahey reference teaches that all costs are obtained from the

09/235,120

accounting General Ledger, and not from collected costs associated with a unique cost source identifier. Fahey teaches to assign enterprise wide costs to product families, in a top-down approach (i.e., from aggregated costs down to a more detailed and product specific level). See Fahey, at Col. 4, lines 50-52, lines 56-58, Col. 6, lines 16-18. Further evidence of such top-down assignment of costs (as opposed to a contemporaneous collection of the collecting actual costs of carrying out an activity as in the present invention) is shown in Col. 8, lines 30-46. This approach taught by Fahey uses historical data (such as standard costs, for example), as discussed in the background section of the present application. The use of historical data (how much such activities have cost in the past) in Fahey is antithetical to the present invention. The following passages, drawn from the background section of the present invention is descriptive of the type of historical or standard cost data used by Fahey:

..."the final and total cost of performing a service or manufacturing an item is typically not ascertainable until after the all associated costs have been collected and reported, generally after the service has been performed or the item manufactured. In an attempt to overcome such limitations, a number of assumptions regarding the cost of performing a service or manufacturing an item are generally made, to allow the representation of interim costs until the final cost numbers are available. Over time, such assumptions have evolved into the so-called standard costing method, in which the cost of performing a business activity is estimated *a priori*. Typically, standard costs are either estimates derived from historical data collected after performing the business activity or they are the system planner's best guess as to the future cost of performing that business activity. The standard cost of performing a business activity, therefore, is generally assigned before the business activity has been undertaken. How well the standard cost assigned to a particular business activity reflects the actual cost of performing that activity is a function of, among other factors, the shrewdness of the guess, the ability of historical data to predict future behavior, the homogeneity of the activity over time, the price stability of needed resources, etc. However, even when standard costs are regularly updated, the variance between the standard cost assigned to the activity and the cost computed from historical data after the activity has been performed can be great."

"...Another consequence of the pervasive use of standard costing methods is that the choice of the cost collection accounting method drives the choice of the cost presentation accounting method. Indeed, as only approximate costing information is generated by the standard costing method, it is impracticable to present the costs differently than they were collected. For example, if a First In First Out ("FIFO") cost collection

09/235,120

accounting method is used (e.g., in the case wherein it is desired to move old inventory first), then the same FIFO cost presentation accounting method must be used. However, it might be desirable, from a capital gains point of view, for example, to present the same costs using a LIFO cost presentation accounting method, such as when the items or services in question are becoming more expensive as time goes on. As the choice of cost collection accounting method drives the choice of cost presentation method when standard costing methods are used, such de-coupling of cost collection and cost presentation accounting methods has not been possible."

The Fahey reference specifically does not teach the creation of cost source identifiers for each collected cost and the assignment of the created cost source identifiers to the activity that gave rise to the cost. Fahey, instead, relies upon historical data or aggregated enterprise wide data that is then distributed, in a top down approach to various product families - and, therefore, cannot teach or suggest independent costing methods for cost collection and presentation.

Therefore, combining the Conway, Bone et al. and Fahey references for the reasons advanced in the Office Action (Col. 1, lines 25-35 and Col. 3, lines 18-27 and Col. 4, lines 12-46) or for any other reason would not yield or in any way suggest the present invention to those of skill in this art. Indeed, none of the references, either taken alone or in combination, teach the creation of unique cost source identifiers, nor their use in implementing independent accounting costing methods for cost presentation and collection, as explicitly recited in claim 1 of the present invention.

The other independent claims contain similar recitations and the discussion above is equally application to them. Therefore, such discussions are not repeated here but are incorporated herewith by reference instead, for the sake of brevity.

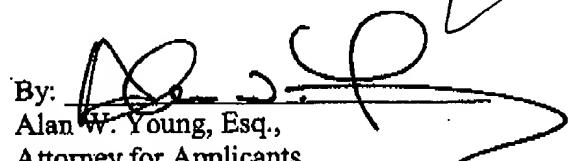
None of the claimed steps are taught or suggested by the cited combination. The invention as a whole is not taught or suggested by the cited combination. Therefore, reconsideration and withdrawal of the obviousness rejections applied to the claims are respectfully requested.

09/235,120

It is believed that the present response overcomes the outstanding rejection and places this application in condition for allowance. Applicant respectfully requests that a timely Notice of Allowance be issued in this case. Should the Examiner have any further questions regarding this amendment or the application in general, he need only call the undersigned, and whatever is needed will be done at once.

Respectfully submitted,

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09/235,120

**MARKED VERSION TO SHOW CHANGES MADE****IN THE CLAIMS:**

1. (Twice Amended) A computer implemented actual costing method for collecting and presenting an actual cost of performing an-a business activity, comprising the steps of:

collecting actual costs of performing a job, manufacturing an item and/or purchasing an item in carrying out the business activity,

creating a unique cost source identifier for each collected actual cost and storing the collected actual cost therein;

associating each unique cost source identifier to the business activity; and

implementing a selected accounting costing method for actual cost collection and a selected accounting costing method for actual cost presentation based upon the stored cost source identifiers, the selected accounting costing method for actual cost collection being independent of the selected accounting costing method for cost presentation.

3. (Twice Amended) The method of claim 1, wherein a new unique cost source identifier is created upon each occurrence of a transaction that affects the actual cost of carrying out the business activity.

5. (Twice Amended) The method of claim 1, wherein a new unique source identifier is assigned at least each time a job is performed in carrying out the business activity, contemporaneously with a performance of the job.

11. (Twice Amended) The method of claim 1, further comprising the step of storing a standard cost within the cost source identifier when an actual cost of one of a job

09/235,120

performed and an item manufactured in carrying out the business activity is unknown.

12. (Twice Amended) A computer system to compute an actual cost of performing an-a business activity from collected actual costs incurred in carrying out the business activity, comprising:

at least one processor;

at least one data storage device;

a plurality of processes spawned by said at least one processor, the processes including processing logic for:

collecting actual costs of job performed, an item manufactured and an item purchased in carrying out the business activity,

creating and storing, in said at least one data storage device, a unique cost source identifier for each of the collected actual job, manufacturing and purchasing costs, each cost source identifier including at least a collected actual cost;

associating each unique cost source identifier to the business activity; and

processing each stored unique cost identifier to implement a selected accounting method for actual cost collection and a selected accounting method for actual cost presentation based upon the stored unique cost source identifiers, the selected accounting method for actual cost collection being independent of the selected accounting method for cost presentation.

13. (Twice Amended) The computer system of claim 12, further comprising processing logic for organizing the stored cost source identifiers in a hierarchical structure modeled on the business activity.

17. (Twice Amended) A machine readable medium having stored thereon data representing sequences of instructions which, when executed by a computer system, causes said

09/235,120

computer system to perform the steps of:

collecting, in substantially real time, an actual cost of each of a plurality of constituent items or operations affecting a cost of performing ~~an-a~~ business activity;

assigning each collected actual cost to a unique logical structure associated with a corresponding one of said items or operations;

storing each unique logical structure to create an organization of unique logical structures configured to allow the actual cost of the activity to be ascertained at any stage of a performance thereof.

18. (Twice Amended) The machine readable medium of claim 17, further comprising sequences of instructions for performing the step of creating a new unique logical structure for each constituent item or operation that affects the cost of performing the business activity.